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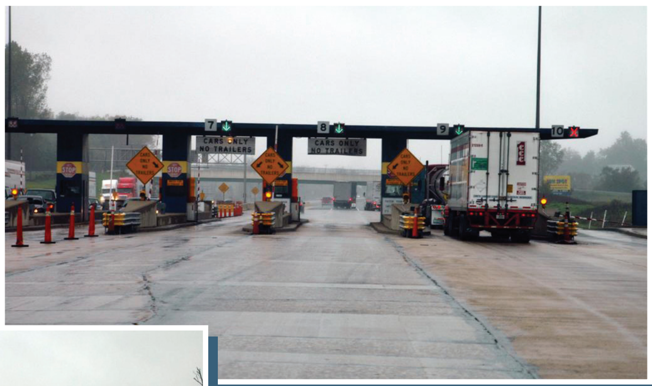
away bid" when they reviewed the bids that weekend. The following Monday, Daniels announced the "astonishing" top bid of $3.8 billion. The winner, Statewide Mobility Partners — a consortium made up of Cintra Concesiones de Infraestructuras de Transporte and Macquarie Infrastructure Group — outbid three other firms. (Based in Spain and Australia, respectively, the companies had already won the Chicago Skyway lease.)

With their whopping bid, the private investors won the chance to lease, operate, and collect tolls on the road for 75 years. In 2005, Indiana collected $88 million of tolls, and the state already had approved toll increases. The consortium also would receive about $7.4 million from concessions along the road. For its part, the new operator was required to install electronic toll collection booths on the roadway within two years.



Months later, the state would reveal the next highest bid — $2.84 billion from an Australian group that formed the Indiana Road Company LLC, which included Challenger Financial Services and Transfield Holdings Ltd. The third highest bid came from Itinere Infraestructuras SA, a Spanish company that bid $2.8 billion. Indiana Toll Road Partners LLC, with Morgan Stanley as the equity provider, offered the low bid at $1.9 billion. Morgan Stanley, the only U.S. firm to bid, had joined forces with the Italian toll road operator Autostrade SpA.

The 157-mile Indiana Toll Road, which has now been leased to private investors, runs from Illinois to Ohio.

As the governor and others in the state swooned over the amount — "equaling more than a decade of new construction funding at the current level," Daniels claimed — other lawmakers and residents stepped forward to voice their opposition. The administration set June 1 as the date to finalize the transaction.

The General Assembly still had to approve the omnibus bill — dubbed Major Moves by the administration — that would allow for the plan to be realized. Despite the Republican majority, Democrats were hoping for a handful of Republicans in the so-called toll road counties to vote against the measure.

"They have to decide whether they're going to vote with their constituents or with their governor," Democratic House Leader Patrick Bauer said at the time.

Democrats argued that the toll revenues, for the largest portion of the lease period, would go to foreign investors, not the state. Opponents said the agreement needed more discussion, and offered options — particularly bonds — to fund the state's road projects.

A lawsuit filed to stop the state from leasing the toll road argued that the Indiana constitution required officials to use money from the sale of a state asset to pay down any and all state debt. The Indiana Supreme Court ultimately rejected the complainants' arguments.

In the final legislative negotiations, a focal point of the debate became a provision that would allow the state to build an extension of Interstate 69 from Indianapolis to southern Indiana as a toll road. Daniels wanted to utilize another public-private partnership to fund the nearly $2 billion project.

The final agreement required that no further action be allowed on that project without additional legislative review. With other changes related to how the funds from the toll road lease would be distributed, the Republican-controlled General Assembly approved the legislation and Daniels signed it on March 15, 2006.

Indiana, he said, was now the leader in America for innovative transportation policy.

"Now this, in the fullness of time, is going to be a very popular decision — it will be seen as one of the wisest things any state ever did," the governor declared. "It already is, in other places, where people are scrambling to imitate it."

Bauer, the Democrat, had a decidedly less enthusiastic view. "When the history of this session is written, I think that most will remember that the people in charge of state government rejected the wishes of their constituents by turning a major asset over to a foreign investor," he said.

The House voted 51 to 47 in favor of the legislation. The Senate voted 31 to 19.

While other states and firms working on similar deals have looked to the Indiana transaction as a model, the state continues to grapple with the issue of utilizing public-private partnerships. The November election shifted the political landscape, giving Democrats control of the House and dimming the prospects for Daniels' ideas floating through the legislature with ease. The governor hasn't given those plans up for good, however.

Following the election, Daniels announced that he would forego the language in the Major Moves legislation that creates the I-69 as a toll road. Instead, he wants to use another public-private partnership to build a $2 billion bypass around Indianapolis, the northern end of the I-69 extension. The results of that debate are yet to be seen. ■